



Order 2004-7-2

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the **1st day of July, 2004**

Essential air service at

**EL DORADO/CAMDEN, ARKANSAS
JONESBORO, ARKANSAS
HARRISON, ARKANSAS
HOT SPRINGS, ARKANSAS
ENID, OKLAHOMA
PONCA CITY, OKLAHOMA
BROWNWOOD, TEXAS**

under 49 U.S.C. 41731 *et seq.*

Served: July 7, 2004

Docket OST-1997-2935

Docket OST-1997-2401

Docket OST-1997-2402

ORDER

Background

By Order 2004-6-12, June 14, 2004, the Department requested interested persons to show cause why it should not terminate the essential air service subsidy eligibility of Jonesboro, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas, as of October 1, 2004, and allow Air Midwest, Inc., to suspend its subsidized services at those four communities as of the same date. The Department's tentative decision was based on a review indicating that subsidy at the four communities exceeds the statutory ceiling of \$200 per passenger; that those four communities are located within 210 miles of the nearest large or medium hub; and that, consequently, they are no longer eligible for subsidy to support their scheduled service. Objections to the Department's tentative decision are due no later than July 19.

Decision

After further review, we have decided to withdraw our tentative decision with respect to Jonesboro. In calculating Jonesboro's subsidy per passenger in Order 2004-6-12, we assigned half of the total annual subsidy for the Jonesboro-El Dorado/Camden-Dallas/Ft. Worth route, or \$898,283, to Jonesboro.¹ Dividing that amount by Jonesboro's 4,058 annual passengers produced a subsidy-per-passenger figure of \$221.36. However, that calculation was based on an erroneous equal allocation of subsidy between the two communities on a linear route. In fact, essential air service subsidy supports 12 round trips a week at Jonesboro and 18 at El Dorado/Camden. Consequently, consistent with past Department practice for allocating

¹ See Appendix B to Order 2004-6-12. $0.50 \times \$1,796,565 = \$898,283$.

subsidy on linear essential air service routes, only 12/30, or 40 percent, of the route's total annual subsidy should be assigned to Jonesboro, and the corrected annual subsidy applicable to Jonesboro is therefore \$718,626.² Dividing the corrected amount by 4,058 annual passengers produces a corrected subsidy-per-passenger figure of \$177.09. Jonesboro's subsidy per passenger thus remains under the \$200 statutory ceiling, and the community remains eligible for subsidy under the current subsidy contract.

In all other respects, Order 2004-6-12 remains valid. Enid and Ponca City equally share the route serving them, and the order properly allocated that route's subsidy evenly between the two communities; Brownwood's service and subsidy are not shared with any other community, and therefore required no allocation at all. Objections continue to be due no later than July 19.

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. We withdraw our tentative findings and conclusions in Order 2004-6-12, June 14, 2004, with respect to Jonesboro, Arkansas;
2. These dockets will remain open until further order of the Department; and
3. We will serve copies of this order on the mayors and airport managers of El Dorado/Camden, Jonesboro, Harrison and Hot Springs, Arkansas, Enid and Ponca City, Oklahoma, and Brownwood, Texas, and on Air Midwest, Inc.

By:

KARAN K. BHATIA
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available
on the World Wide Web at <http://dms.dot.gov>*

² $0.40 \times \$1,796,565 = \$718,626$. See the similar situation regarding Norfolk, Nebraska, as discussed in Order 2003-6-25, June 19, 2003.